

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 5270-RDSB-1

Investigation into Least-Cost)	
Investments, Energy Efficiency,)	Hearing at
Conservation and Management of)		Montpelier, Vermont
Demand for Energy In Re: Town)		November 17, 1995
of Readsboro Electric Light)	
Department's Integrated Resource)	
Plan filing)	

Order entered: May 28, 1996

PRESENT: Paul Peterson, Esq., Hearing Officer

APPEARANCES: William B. Piper, Esq.
Primmer & Piper, P.C.
for Town of Readsboro Electric Light Department

Laura Scanlan Beliveau, Esq.
for the Vermont Department of Public Service

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I. INTRODUCTION

This Proposal for Decision ("PFD") recommends that the Public Service Board ("Board") approve the Integrated Resource Plan ("IRP") of the Town of Readsboro Electric Light Department ("Readsboro") pursuant to a Stipulation in this Docket filed by Readsboro and the Department of Public Service ("Department" or "DPS"). As filed and updated, Readsboro anticipates that implementation of the energy efficiency programs proposed in its IRP will produce peak demand savings of 74 kilowatts ("KW") and energy savings of 212 megawatt hours ("MWHs") through the year 2,000. Readsboro anticipates that cost-effective demand-side management ("DSM") programs will allow the utility and its customers to reduce energy consumption while providing positive net societal benefits. The parties agree that Readsboro's IRP, as modified by the Stipulation, meets the requirements of 30 V.S.A. § 218c and complies with the Board's Orders in Docket No. 5270 and the DPS's Twenty-Year Plan. I recommend that the Board approve this IRP subject to Readsboro's compliance with the conditions and agreements incorporated in the Stipulation.

II. PROCEDURAL HISTORY

Readsboro filed this IRP on December 19, 1994. This filing was an update to Readsboro's IRP originally filed on June 18, 1991. Revisions were made to Readsboro's IRP over the interim period as the DPS and Readsboro had informal discussions regarding Readsboro's IRP.

Status conferences were held on February 16, and September 7, 1995, at which time a schedule was set for proceeding in this Docket. At the September 7 status conference, Readsboro, the DPS, and the three other utilities represented by the Metrix, Inc., consulting firm agreed to hold consolidated technical hearings in their respective IRP Dockets.¹ Prior to the technical hearing, the parties prefiled testimony on several issues. However, the parties filed a draft stipulation prior to the technical hearing, and a fully executed Stipulation at that hearing, resolving all outstanding issues regarding Readsboro's IRP. An evidentiary hearing on the Stipulation was held on November 17, 1995.

On December 8, 1995, the parties filed waivers of the right granted under 3 V.S.A.

§ 811 to comment or present argument on the proposal for decision in this Docket.

II. FINDINGS OF FACT

A. Load Forecast

1. The other utilities represented by Metrix, Inc., include Barton Village, Inc. Electric Department, Village of Johnson Electric Department, and Village of Orleans Electric Department.

1. Readsboro currently has approximately 308 customers, 264 of whom are residential customers. Readsboro Annual Report, 1994.²

2. Readsboro projects a system peak of 509 KW and energy consumption of 2,402 MWH in the year 2000. Exh. Readsboro A, Sec. 3.

3. Readsboro has agreed to make the following improvements to its forecasting methodology for its next IRP (or for any forecast that is to be used as the basis to acquire long-term resources):

- (a) Readsboro will utilize more refined load forecasting techniques, which include the use of appropriate econometric or end-use methods and uncertainty analyses;
- (b) Readsboro will avoid using forecast methods that are simply extrapolation techniques;
- (c) Readsboro will take into account current and future developments, such as appliance efficiency standards and economic development, that are highly likely to affect electricity demand, but that are not fully reflected in historical data;
- (d) Readsboro will provide more extensive documentation and contextual information to support the forecast, including but not limited to documentation which explains the methodology, analyses, basic assumptions, data inputs, and uncertainty factors related to the load forecast;
- (e) Readsboro will conform the load forecast to the requirements of the *Vermont Twenty-Year Electric Plan* (December, 1994) regarding Integrated Resource Planning Guidelines (Chapter 8).

Stip. at ¶ 2.

B. Supply Resources

4. Readsboro has agreed to the revised assumptions and methodologies described in Attachment I to the Stipulation and will submit a Supply Analysis reflecting the new assumptions and methodologies as a compliance filing within sixty days of the date of the Stipulation, by January 6, 1996.³ Stip. at ¶ 4.

2. Pursuant to 3 V.S.A. § 810(4), I take official notice of Readsboro's 1994 Annual Report, filed with the Board on 5/23/95.

3. Readsboro submitted this filing on 12/26/95.

5. Readsboro will develop values for T&D avoided costs to be submitted as a compliance filing within sixty days of the date of the Stipulation, by January 6, 1996.⁴ Stip. at ¶ 5.

6. Readsboro will calculate new line loss adjustments for the five costing periods: summer, winter, peak, off-peak, and capacity. These calculations will be submitted as a compliance filing within sixty days of the date of the Stipulation, by January 6, 1996.⁵ Stip. at ¶ 6.

7. Readsboro has agreed not to use its alternate load projections developed for production modeling for any purpose and not to rely on its load forecast in this IRP for any future supply acquisitions that require approval under 30 V.S.A. § 248. Stip. at ¶ 3.

C. Demand-Side Management

8. Readsboro estimates that cost-effective DSM programs will result in savings to Readsboro's ratepayers of 74 KW and 212 MWHs in the year 2000, or fourteen percent of anticipated peak load and nine percent of anticipated energy requirements. Finding 2, above; Readsboro filing, 12/26/95.

9. Readsboro agrees to design or adopt and implement programs, as outlined below, that contain strategies to acquire cost-effective DSM resources available from commercial remodeling and equipment replacement, residential high-use customer fuel-switching, and low-income high-use residential customers. Stip. at ¶ 12.

10. Readsboro has agreed to implement the DSM program designs contained in its IRP with the modifications identified for each program below using the revised avoided costs developed pursuant to Paragraph 4 of the Stipulation. Stip. at ¶ 7.

11. The cost-effectiveness of Readsboro's proposed DSM programs cannot be determined at this time. The DPS states that there are methodological errors in Readsboro's compliance filings which prevent a precise calculation of cost-effectiveness. DPS letter of 3/27/96.

(i.) Residential Direct Install (Moderate Use) Program

12. Readsboro will provide four cost-effective compact florescent bulbs at each site for \$1.00 per bulb and will offer a 50% incentive for all additional cost-effective bulbs. Stip. at ¶ 8.

4. Readsboro submitted this filing on 12/26/95.

5. Readsboro submitted this filing on 12/26/95.

13. Readsboro has agreed to use a three-hour burn-time as a threshold for recommending the installation of compact florescent bulbs. Readsboro filing of 1/18/96.

____14. Program implementation will be completed by January 1, 1997, or Readsboro will submit a compliance filing on that date explaining the reasons for not meeting the deadline. Stip. at ¶ 8.

(ii.) Residential New Construction

15. Readsboro agrees to implement the program design contained in the IRP. Stip. at ¶ 9.

16. Readsboro has agreed that if its residential new construction program is not successful in reaching a 50% market penetration of new residential connections and electrical efficiency savings as of January 1, 1997, it will implement the assessment fee-type residential new construction program design being implemented by Washington Electric Cooperative, Inc. ("WEC"), provided that the WEC program in 1995 shows a 50% market penetration and electrical efficiency savings from its new residential hookups. Stip. at ¶ 9.

(iii.) Small Commercial Retrofit Program

17. Readsboro has agreed not to implement the program design contained in its IRP. Stip. at ¶ 10.

18. Readsboro will submit a commercial equipment replacement and remodeling program design by December 15, 1995, that is consistent with the terms of the Stipulation.⁶ Stip. at ¶ 10.

6. Readsboro submitted this filing on 12/18/95.

(iv.) Commercial New Construction

19. Readsboro will use its program contained in its IRP until the statewide program design for both Act 250 and non-Act 250 projects is developed, at which time Readsboro agrees to consider adopting and implementing the statewide program. Stip. at ¶ 11.

(v.) Residential High Use

20. Readsboro has agreed to adopt and implement a residential fuel-switching program with the same incentive structure and services approved for the Town of Hardwick in Docket 5270-HDWK-1. Stip. at ¶ 13.

21. Readsboro agrees that program implementation will be completed by January 1, 1997, or Readsboro will submit a compliance filing on that date explaining the reasons for not completing program implementation and providing a revised date for completion. Id.

22. Readsboro residential demand rate customers will be eligible for immediate termination of the demand ratchet as allowed by Readsboro's tariff. Id.

23. Readsboro has agreed to provide efficiency improvements for its low-income residential high-use customers through an agreement with the local weatherization assistance program, Bennington-Rutland Opportunity Council ("BROC"). Readsboro will reimburse the agency and may apply for a rebate from the Weatherization Trust Fund pursuant to 33 V.S.A. § 2503. Stip at ¶ 14.

(vi.) Commercial Remodeling and Equipment Replacement

24. Readsboro has agreed to adopt and implement a program similar to the program approved for the Village of Hyde Park Electric Department in Docket 5270-HDPK-1. Stip. at ¶ 15.

25. Readsboro agrees to submit its program design by December 15, 1995⁷, and begin implementation starting January 1, 1996. Id.

26. Readsboro agrees that when a statewide program is designed and implemented in Vermont, Readsboro will consider adopting and implementing the statewide program. Id.

(vii.) Residential "Lost Opportunity" Program

27. Readsboro agrees that when a statewide program design is complete, Readsboro will consider adopting and implementing it. Stip. at ¶ 16.

(vii.) Other DSM Matters

7. Readsboro submitted this filing on 12/18/95.

28. Readsboro has agreed to provide a schedule of DSM program implementation that includes at least annual program budgets and energy and capacity impacts expected from the program. Readsboro will submit this schedule by January 15, 1996.⁸ Stip. at ¶ 17.

29. Readsboro has agreed to submit a compliance filing containing all required DSM program modifications sixty days following an Order in this Docket.⁹ Stip. at ¶ 18.

30. Readsboro has agreed that the issue of load impact of DSM resources beyond the proposed DSM programs may be reopened in any applicable proceeding under 30 V.S.A.

§ 248. Stip. at ¶ 19.

D. Transmission And Distribution

31. Readsboro agrees to perform a T&D study in accordance with the guidelines of Attachment II of the parties' Stipulation. Stip. at ¶ 21.

32. In preparation for the T&D study, Readsboro will file a detailed schedule and budget by January 1, 1996.¹⁰ Id.

33. Readsboro agrees to complete the T&D study and submit it as a compliance filing by June 30, 1996. Stip. at ¶ 22.

34. Readsboro agrees to make a compliance filing by September 1, 1996 that specifies a plan and schedule for implementing the recommendations of the T&D study. Stip. at ¶ 23.

E. Other Findings

35. Readsboro's IRP as filed, together with the Stipulation, represents a least-cost plan for the acquisition of energy-efficiency resources for Readsboro's customers, as required by 30 V.S.A. § 218c. Tr. 11/21/95 at 35, 37.

36. The Stipulation filed by the parties is in the best interests of ratepayers and is a necessary part of the fulfillment of the requirements for approval of this IRP. Tr. 11/21/95 at 37.

IV. DISCUSSION

Readsboro is one of four first-round IRPs to be settled on a consolidated basis. The Department and Readsboro have agreed on certain modifications to Readsboro's IRP and have agreed that with those modifications Readsboro's IRP should be approved by the Board as meeting the statutory criteria of 30 V.S.A. § 218c.

8. Readsboro submitted this filing on 12/26/95.

9. Readsboro made this filing on 1/18/96.

10. Readsboro has not made this filing to date.

Since Readsboro filed its first proposed IRP in June, 1991, significant experience has been gained regarding the appropriate design for DSM programs to ensure that customers have an opportunity to implement a comprehensive package of cost-effective energy efficiency measures. Readsboro's current proposed IRP, as modified by the parties' Stipulation, incorporates many of the analytical methodologies and program designs adopted by other Vermont utilities. Readsboro has met most of the compliance filing deadlines established in the Stipulation. Due to the start of program implementation in January 1996, Readsboro filed its descriptions of DSM program modifications well ahead of the schedule called for in the Stipulation. However, in a letter filed on March 27, 1996, the DPS states that there are several flaws in the methodology that Readsboro used to screen its largest (in terms of energy and dollar savings) DSM program, residential fuel-switching. The DPS maintains that the program may have positive net societal benefits when screened properly.

Due to the large impact that the residential fuel-switching program has on Readsboro's overall savings and ultimate cost-effectiveness of all its DSM programs, I recommend that the Board require Readsboro to make an additional compliance filing to resolve the concerns identified in the DPS's letter. DPS letter of 3/27/96; Readsboro filings of 12/26/95, 1/18/96. Readsboro should make that filing within two weeks of the date of this Order. As specified in the parties' Stipulation, the DPS shall file comments on Readsboro's filing and may request that the Board resolve any disputes. See, Stip. at ¶ 25.

I conclude, based on the evidence in this Docket, that Readsboro's IRP, as modified by the parties' Stipulation, is a least-cost plan that will acquire all cost-effective DSM pursuant to 30 V.S.A. §218c and the Board's Order in Docket No. 5270.

I recommend that the Board approve Readsboro's IRP as modified by the parties' Stipulation. In addition, the Board should leave this Docket open until Readsboro has made all its compliance filings and any concerns raised by the DPS with those filings are resolved.

The foregoing is hereby reported to the Public Service Board in accordance with the provisions of 30 V.S.A. § 8. Although the parties have waived their right to comment on this Proposal for Decision in accordance with 3 V.S.A. § 811, this PFD

has been served on all parties with an opportunity for them to file comments and request oral argument before the Board.¹¹

DATED at Montpelier, Vermont, this 28th

_____ day of May, 1996.

s/Paul Peterson

Paul Peterson, Esq.

Hearing Officer

11. On May 10, 1996, the DPS filed comments, but did not request oral argument. Readsboro did not make any filing.

I have modified Finding 7 of the PFD to better reflect ¶ 3 of the parties' agreement that Readsboro will not rely on its alternate load projections "for any purpose".

In addition, I have modified the PFD to accurately reflect the DPS's letter of 3/27/96 which states that changes to Readsboro's screening methodology for residential fuel-switching programs "may" result in the programs screening with net societal benefits.

V. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The findings, conclusions and recommendations of the Hearing Officer are hereby adopted.
2. Readsboro's IRP is approved as modified by the parties' Stipulation.
3. Readsboro shall submit a compliance filing within two weeks of the date of this Order that addresses the concerns raised by the DPS regarding the cost-effectiveness of Readsboro's DSM programs.
4. Readsboro shall submit a compliance filing regarding its Residential Direct Install Program by January 1, 1997.
5. Readsboro shall submit a compliance filing by January 1, 1997, regarding the implementation of its Residential High-Use Program.
6. Readsboro shall complete its T&D study and make a compliance filing with the Board by June 30, 1996.
7. Readsboro shall file an implementation plan for its distribution system upgrades, as a compliance filing, by September 1, 1996.
8. This Docket shall remain open until all the above compliance filings have been made, the DPS has filed comments on those filings, and any disputed issues are resolved.
9. Readsboro shall file annual DSM reports on April first of each year, beginning in 1996.
10. Readsboro shall file its next IRP on or before April 30, 1998.

DATED at Montpelier, Vermont, this 28th day of May, 1996.

<u>s/Richard H. Cowart</u>)	
)	PUBLIC SERVICE
<u>s/Suzanne D. Rude</u>)	
)	BOARD
)	OF VERMONT
<u>s/David C. Coen</u>)	

OFFICE OF THE CLERK

FILED: MAY 28, 1996

ATTEST: s/Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board of any technical errors, in order that any necessary corrections may be made.

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.